MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2015/2016

BAB1014 – FINANCIAL ACCOUNTING FOR MANAGERS

(All sections / Groups)

9 MARCH 2016
14:30 – 16:30
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of 7 pages with 4 Questions only.
2. Attempt **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

PART A

Below are the details transactions incurred by W Mart Enterprise for month of July 2015. The company financial year is similar to normal calendar year.

Required:

Provide the name of account to be debited and credited for each transaction.

Date	Transactions	Debit	Credit
July 1	Started business with RM80,000 in the bank		
2	Bought stationery by cheque RM200		
3	Bought goods on credit from I Walsh RM2,000		
4	Sold goods for cash RM1,000		
5	Paid insurance by cash RM1,000 for insurance covered for Jan, 2016.		
7	Bought machinery on credit from H Morgan RM500		
8	Paid for machinery expenses by cheque RM300		
10	Sold goods on credit to D Small RM3,620		
11	Returned goods to I Walsh RM150		
12	Rental in advance was paid for January 2016		
15	Paid rent by cheque RM1,000		
17	Received cheque RM2,000 from D Small		
19	Paid H Morgan by cheque RM500		
20	Bought stationery on credit from Express Ltd RM180		
23	The manager withdraws cash of RM500 from the bank account for business use.		
25	Received rent RM250 in cash for part of premises being used by outsider		
26	Paid Express Ltd postage expenses by cheque RM280		
27	Utilities expenses amounted to RM1,500 to be accrued during the month		
28	Paying the janitor services for the month by cash RM250		
31	Paid salary and wages RM10,000 using cheque		

(10 marks)

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PART B

Note Payable

Melaka, Malaysia, November 1, 2015

Three months after date the Company promise to pay Hup Seng Berhad the sum of RM20,000 with interest at the rate of 3% per annum.

London's Biscuits Sdn Bhd

London's Biscuits Sdn Bhd

With reference to the above note payable, London Biscuits Sdn Bhd borrowed RM20, 000 from Hup Seng Berhad and signed three months, 3% note payable.

Required

a) Prepare the journal entry to record the issuance of the note payable on November 1, 2015 and journal entry to record the interest payable as at 31st December 2015.

(9 marks)

b) London Biscuits Sdn Bhd prepares their financial statements annually. Prepare extract of Income Statement for the year ended 2015 and extract of Statement of Financial Position of London Biscuits Sdn Bhd as at 31st December 2015.

(6 marks)

Total: 25 marks

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QUESTION 2

The following balances were extracted from the books of Progressive Enterprise as at 31 December 2014.

Additional Information

1. The inventory as at 31 December 2014 was valued at RM 18,000
2. Provision for doubtful debt is to be adjusted to 3% on the outstanding balance of Account Receivables
3. Company's policy is to depreciate its fixed assets as follows:
   Plant and Machinery: 20% on reducing balance method
4. Interest on loan is 8% per annum. Loan from EKUINAS was taken on 1st April 2014
5. Advertising expenses is for the events include RM4,000 which will be held in year 2015

Items	Debit (RM)	Credit (RM)
Capital		100,000
Purchases	360,000	
Sales		567,320
Bank	43,000	
Cash	83,200	
Plant and Machinery	140,000	
Loan from EKUINAS		50,000
Investment in ASNB	10,000	
Carriage Inwards	7,100	
Inventory as at 1 Jan 2014	42,400	
Return Inwards and Outwards	19,000	8,000
Waters and Electricity Expense	9,230	
Account Receivables and Payables	90,490	27,000
Accumulated Depreciation Plant and Machinery		50,400
Salaries Expense	33,900	
Rental Income		4,800
Advertising Expense	16,700	
Provision for doubtful debt		1,200
Mortgage on Plant and Machinery		46,300
	855,020	**855,020**

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Required

a) Prepare Income Statement for the month ended 31st December 2014 (10 marks)

b) Prepare Statement of Financial Position as at 31st December 2014 (15 marks)

Total: 25 marks

QUESTION 3

PART A

A summary of cash flows during the period ended 31 December 2015 for Syarikat Mara Sdn. Bhd is given below:

Cash receipts from:	RM
Account Receivable	88,000
Issuance of common stock	40,000
Loan from Bank Jaya Sama	75,000
Sales of land	55,500

Cash payments for:	RM
Purchases of motor vehicle	28,000
Payment of cash dividends	30,000
Suppliers	15,000
Employees' wages	18,000
Utilities	1,500
Interest on loan	12,000

Additional information:

The cash balance on 1 January 2015 was RM 13,600

Required

Prepare a statement of cash flows using direct method for Syarikat Mara Sdn. Bhd for the year ended 31 December 2015.

(15 marks)

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PART B

The current assets section of Michiko's Statement of Financial Position at December 31, 2014 and 2013, are presented here.

	2014 (RM)	2013 (RM)
Current assets		
Cash	128,000	100,000
Account Receivable	115,000	98,000
Inventory	160,000	180,000
Prepaid expenses	30,000	25,000
Total Current assets	433,000	403,000
Current liability		
Accrued Expenses payable	20,000	10,000
Accounts payable	80,000	85,000
Total Current liabilities	100,000	95,000

Michiko's net income for 2014 was RM205,000. Depreciation expense was RM35,000. Equipment that cost RM 12,000 and had accumulated depreciation of RM2,000 was sold for RM 6,000.

Required

Prepare the net cash provided by operating activities section of the company's statement of cash flows for the year ended December 31, 2014, using the indirect method.

(10 marks)

Total: 25 marks

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QUESTION 4

PART A

Sally Corporation had the following comparative current assets and current liabilities:

	2014	2013
Current assets	RM	RM
Cash	50,000	40,000
Short-term investments	30,000	20,000
Accounts receivable	75,000	95,000
Inventory	85,000	90,000
Prepaid expenses	45,000	30,000
Total current assets	285,000	275,000
Current liabilities		
Accounts payable	130,000	110,000
Salaries payable	24,000	30,000
Income tax payable	20,000	15,000
Total current liabilities	174,000	155,000

During 2014, credit sales and cost of goods sold were RM750,000 and RM400,000, respectively.

Required

Compute the following liquidity measures for 2016:

a. Current ratio.
b. Acid-test ratio.
c. Receivables turnover.
d. Inventory turnover.

(13 marks)

PART B

The following items were taken from the financial statements of Adims Inc., over a four-year period:

Item	2014	2013	2012	2011
	RM	RM	RM	RM
Net Sales	1,100,000	950,000	650,000	600,000
Cost of Goods Sold	450,000	380,000	250,000	300,000
Gross Profit	650,000	570,000	400,000	300,000

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Required

Using horizontal analysis and 2011 as the base year, compute the trend percentages for net sales, cost of goods sold, and gross profit. Explain whether the trend is increasing favorable or unfavorable for each item. (Round up your answer to the nearest percentage)

(12 marks)

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